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~~INTERFAX 17~~~~CONTROL~~~~U.S. OFFICIALS ONLY~~CENTRAL INTELLIGENCE GROUP
INTELLIGENCE REPORT

COUNTRY Spain

SUBJECT Conversations in Spain
Miguel Palacios

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ORIGIN

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SUPPLEMENT [REDACTED]

This document is hereby regraded as
CONFIDENTIAL in accordance with the
order of 13 October 1947 from the
Director of Central Intelligence.

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- 25X1X6 1. [REDACTED] an interview took place in early June 1947 between the envoy to Spain of the Republican exile government's Defense Minister Julio Just, and Lt. Colonel Miguel Palacios, member of the CNT and one of the leaders of a republican military group which cooperates with the ANFD. Just's envoy had arrived in Spain shortly after the constitution of the Llopiascabinet with the mission of transmitting information to Just on the situation of any existing organization of republican military men, information on the Spanish army and of trying to establish a republican military organization to be at the orders of the exile government.* During the course of this interview, Palacios said that the CNT, the UGT and the military men in his group were under heavy pressure from the British to agree, in case of a monarchist restoration through a coup d'etat, to accept the installation of the monarchy as a fait accompli.
2. Palacios said that his military group would not accept a monarchy installed by force. He added that the CNT and the UGT were in complete agreement with his group on this point, and that they advocated the holding of elections under the auspices of a government of wide representation, meaning one comprising all the anti-Franco forces, including the monarchists. According to Palacios, the Socialist Party was in accord with this position as well.
3. Palacios said that the organization of his group originated in prison, where, without any definition of political tendency, all the members agreed to form a group and to keep in touch with one another. When the organization was effected, the various political parties tried to attract the group into their orbit but without success, since the group's members, especially the professional soldiers, did not wish to recognize any political authority. Palacios claimed that currently his military organization was well set up with a chief and a staff in each region of Spain. He also claimed to have the necessary men to assume command in all the echelons. Just's envoy was inclined to doubt the last two statements.
4. About mid-June, Palacios said that it had been agreed that he should go to France to confer with Just. He hinted that his organization had been

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[REDACTED] Comment: It was reported previously that Palacios and his military group had decided to place themselves at the orders of the Spanish Republican Government-in-Exile (see [REDACTED]). Apparently, the plan was never put into effect.

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negotiating with monarchist generals with regard to a coup d'etat to be followed by a coalition government which would hold elections, and that it was urgent for him to find out how far the Republican Government would go toward giving approval and aid to the project.

5. A few days later, another interview took place between Just's envoy and Palacios, at which the latter received the assurance of the delegate from France that the trip would be financed by the exile government. Palacios said that because his provisional liberty status and his indictment by the Masonry Tribunal made it necessary for him to appear twice a month at the offices of the DGS, it would be most convenient for him to be in France between 24 July and 14 August.
6. Just's envoy asked Palacios what would be the attitude of his military group in the event that the current efforts to achieve an agreement between the AMFD and the Republican Government-in-Exile were unsuccessful. After some hesitancy, Palacios replied that he could not answer without consulting the group, but that a cleavage in it was likely. Asked what effective control there was over the trade-union organizations, Palacios said that the CNT Regional Committee of the Center estimated that the CNT had some 100,000 members in Madrid alone. Palacios admitted that most of this group were not militants, and said that there were approximately 45,000 CNT members in Spain who were ready for concrete action upon orders from their leaders. He added that the CNT and the UGT were clinging together for self-preservation and that their support would go to whatever government offered them the greatest margin of freedom. He indicated that he thought the Republic should be able to get this support and with it would be sure of victory in a plebiscite. Palacios maintains that in losing the Civil War, the Republic lost its claim to legitimacy.
7. Just's envoy said in late June that he had had conversations with General Manuel Matallana Gomez, but that they had not been satisfactory. Matallana was, justifiably, suspicious of his interlocutor until the latter produced a letter signed by Just authorizing him to act as his delegate. Just had expressed great confidence in Matallana as a person qualified to assume leadership in any republican military organization which might be set up in Spain. Reportedly, a considerable number of military men who share Matallana's conviction that only a republic is entitled legally to follow the Franco regime look to Matallana for guidance. While Matallana expressed willingness to cooperate with Just, he seemed to feel that there was little that he could do under the circumstances, because of the danger of arrest. It was his position that the real espionage was in Paris and not inside Spain, and that there was no way from Spain to prevent any plans from becoming known. He cited the cases of Saez Aranaz and Sanchez Cabezu, whose arrests he attributed to indiscretions on the part of persons in Paris. He pointed out that a deterrent to action in Spain was the fact that in order to survive, it was necessary constantly to consider one's personal safety.

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~~CONFIDENTIAL~~ Comment: Although the dissolution of the Llopi's Government materially affects the significance of this report, it is believed to be of sufficient interest to warrant distribution as it stands.

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